UN

UNIDO

Distr.
GENERAL

IDB.9/11
1 April 1992

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

Industrial Development Board

Ninth session
Vienna, 18-22 May 1992
Item 7 of the provisional agenda

ECONOMIC COOPERATION AMONG DEVELOPING COUNTRIES

Report by the Director-General

Summary

In response to Industrial Development Board decision IDB.8/Dec.5, reports on action taken to strengthen economic and technical cooperation among developing countries including the UNIDO contribution towards the implementation of the Buenos Aires Plan of Action.

CONTENTS

	Paragraphs	Page
Introduction	1 - 2	1
Chapter		
I. IMPLEMENTATION OF BOARD DECISION IDB.8/DEC.5	3 - 18	1
II. IMPLEMENTATION OF BUENOS AIRES PLAN OF ACTION	19 - 38	3
III. ACTION REQUIRED OF THE BOARD	39	6
Notes		6

Introduction

1. The present document is submitted in compliance with Industrial Development Board decision IDB.8/Dec.5 calling for a number of actions aimed at strengthening economic and technical cooperation among developing countries (ECDC/TCDC) and requesting a report on the implementation of the Buenos Aires Plan of Action for Promoting and Implementing Technical Cooperation among Developing Countries. 1/

2. The medium-term plan of UNIDO, 1992-1997 (PBC.7/17) has singled out ECDC/TCDC as an element common to industrial development to be addressed by all activities of UNIDO. Consequently, ECDC/TCDC components are pervasive in all programmes of UNIDO, especially with respect to the five priority areas of the medium-term plan, namely: human resource development; development and transfer of technology; industrial rehabilitation; small- and medium-scale industry development; and environment and energy.

I. IMPLEMENTATION OF BOARD DECISION IDB.8/DEC.5

3. Since the adoption of decision IDB.8/Dec.5, UNIDO continued its programme in support of ECDC/TCDC. Information on the activities carried out is provided in the Annual Report of UNIDO, 1991 (IDB.9/10). The information presented summarizes those activities in the areas highlighted in Board decision IDB.8/Dec.5.

Use of experts, services and equipment from developing countries (IDB.8/Dec.5, para. (c))

4. In the course of 1991, a total of 777 experts originating from developing countries were recruited under technical cooperation projects. They represent 29 per cent of all experts/consultants appointed during the same period. By and large, these figures are within the overall trend observed during the past years, both in absolute and relative terms, of placing the share of developing countries' nationals in UNIDO project personnel at approximately 30 per cent. This is well above the 25 per cent target referred to in the Board decision. Similarly, as of 31 December 1991, 4,290 or 34 per cent of all roster candidates were nationals of developing countries (cf. IDB.9/10, chap. VII, paras. 18-26 and table 6).

5. The total value of equipment and supplies delivered for technical cooperation projects in

V.92 52876 2816E

Distr.: 6 April 1992

1991 was $36 million. That amount represented 2,651 individual orders of which 674 or 25.4 per cent were placed with manufacturers and vendors from developing countries to a value of $7.1 million or 19.7 per cent (Ibid., para. 27 and table 8).

6. The number of new contracts issued for technical cooperation projects increased by nearly 12 per cent, from 204 in 1990 to 228 in 1991. During the year, 87 contracts (38.1 per cent) with a total value of $3 million (16.4 per cent) were awarded to companies from developing countries (Ibid., para. 28 and table 8).

Funds allocated to ECDC/TCDC activities (IDB.8/Dec.5, para. (e)(i))

7. The decision of the Board called for an increase of funds to be allocated to ECDC/TCDC activities from the operational budget, which consists of two components. The first component refers to the resources obtained from reimbursements to the cost of supporting operational activities (also known as support cost income). These resources, together with the regular budget, provide the funds for the UNIDO headquarters-based staff and activities. The second and wider component refers to all funds related to the actual expenditures of technical cooperation activities.

8. In line with the review of the cost identification system in UNIDO (PBC.6/12) endorsed by the Programme and Budget Committee, and the changes in the UNDP support costs reimbursement system, the support costs income will be increasingly applied to the actual services related to the technical cooperation activities that generate that income. Under this principle, it is no longer possible to allocate support cost income to a subprogramme that is not substantially involved in the implementation of technical cooperation projects.

9. The possibility of increasing the allocation of operational budget funds to a subprogramme such as ECDC/TCDC is within the second component of the operational budget, namely the resources from UNDP/Indicative Planning Figure (IPF), the Industrial Development Fund (IDF), the Special Industrial Services (SIS) and trust funds. However, even under this component the only resources that are programmable by UNIDO are the very limited general pool of IDF because the other resources are programmed largely by recipient countries (IPF) or by donors (IDF, trust funds).

10. Under the 1992-1993 programme and budgets (GC.4/42), ECDC activities (subprogramme 336) are covered by both the regular and operational budgets. Funds are also provided for cooperation among developing countries (subprogramme 610) under the regular programme of technical cooperation which, for the 1992-1993 biennium, amounts to $829,100 (GC.4/42, page 202). These special allocations do not constitute all of UNIDO's efforts regarding its ECDC/TCDC activities. Wider programmes are defined in paragraphs 62 to 68 of the introduction to the 1992-1993 programme and budgets which cover the following types of activities: collection and dissemination of information; establishment and/or development of institutional linkages for ECDC; enterprise-to-enterprise cooperation; and identification and allocation of greater resources for ECDC-related technical cooperation. The implementation of these activities involves staff resources under operational budget financing.

11. As can be seen from the above, the only way to increase funds for ECDC/TCDC activities would be for Governments to allocate more of their IPF or special-purpose IDF resources to this priority.

Allocation of extrabudgetary resources (IDB.8/Dec.5, para. (e)(v))

12. ECDC/TCDC represents one priority area for activities under IDF financing. However, the majority of contributions to IDF are for special-purpose programmes and projects, which require specific negotiation with the donors. Since 1990, an increase has been noted in IDF resources earmarked for regional and global programmes (cf. IDB.9/10, chap. VIII, para. 17 and appendix G, table 4). Continuous efforts are being undertaken with IDF donors with a view to increasing financing of ECDC/TCDC activities by IDF donors.

Enhancement of promotional and operational activities (IDB.8/Dec.5, para. (e)(ii)

13. UNIDO has continued to enhance its ECDC/TCDC activities with a view to promoting enterprise-level cooperation in general and in specific sectors such as chemical, petrochemical, leather, machine tools, agricultural machinery, agro-based and engineering industries. Efforts have also been made to promote operational TCDC in provision of equipment and expertise, in study tours on specific subjects and training. The recent promotional activities are covered by the 1991 Annual Report, in particular:

(a) The Solidarity Meeting for Botswana which covered a wide variety of sectors and where most of the local promoters came from the private sector. During the bilateral discussions, the potential cooperating parties identified measures with respect to follow-up action to be taken jointly by the potential cooperating parties (cf. IDB.9/10, chap. IV, para. 17).

(b) The joint venture meeting on cooperation among Islamic countries organized as part of the ongoing programme of cooperation between UNIDO and the Islamic Chamber of Commerce, at which a total of 22 Memoranda of Understanding were signed among the cooperating partners (ibid., para. 18).

(c) The four technical workshops for promoting enterprise-to-enterprise cooperation held on the topics of: machine tools, process technology of petrochemical industries, agricultural machinery and agro-based industries (Ibid., para. 20). Preparations for another five such workshops/meetings have been initiated to cover the following topics: medicinal plants, plastics industry, metalworking, synthetic fibre and petrochemical industries.

(d) A third expert group meeting on computerized maintenance management systems (CMMS) for the iron and steel industries of the Association of South-East Asian Nations (ASEAN) which was held in Singapore in December 1991 and at which some 40 participants from eight developing countries met to exchange views and experiences (cf. IDB.9/10, chap. II, para. 96).

14. The operational TCDC activities resulting from the promotional meetings are numerous. They are described in various parts of the Annual Report of UNIDO, 1991, and examples are provided in chapter IV, paragraphs 20 to 22.

15. Special TCDC arrangements were also discussed with individual countries, e.g. Brazil and India. Thus, at the third meeting of the Joint Brazil-UNIDO Committee it was agreed to pursue the transfer of Brazilian agro-industry know-how to the Central American and Caribbean countries. India, on the other hand, agreed to establish a unit to survey and document its TCDC capacities with a view to promoting their use to the benefit of other developing countries.

Capacities of developing countries in training, expertise and technology (IDB.8/Dec.5, para. (e)(iii))

16. The ability of UNIDO to transfer technological information from one developing country to another was considerably enhanced by the Industrial and Technological Information Bank networking system. The system developed linkages and communications with end-users and supported them to enhance their capability in handling industrial information. The network of nodes and focal points is being interlinked via electronic mail systems (cf. IDB.9/10, chap. III, paras. 24-27).

17. Under the programme to develop an ECDC information service, equipment was installed for the UNDP-developed information referral system (INRES-South) database containing developing countries' institutional capabilities in training and expertise. At the request of UNIDO, work was completed on adapting the software to allow compilation and printing of special compendiums. Agreement was reached with UNDP to add a technology dimension to the system, thereby rendering it more suited to the needs of UNIDO. At the same time, countries with significant industrial TCDC capacities in the form of training and expertise have been requested to document their capabilities in a form compatible with the INRES-South database.

Cooperation with regional commissions (IDB.8/Dec.5, para. (e)(iv))

18. UNIDO continued to maintain and further strengthen its cooperation with all the regional commissions in the implementation of programmes and activities in the respective regions. UNIDO has also involved the regional commissions in preparing and organizing meetings, seminars and workshops. Thus close cooperation was established with the Economic and Social Commission for Asia and the Pacific in organizing the agricultural machinery meeting in China in 1991, and the Economic Commission for Africa was actively involved in the establishment of the African Iron and Steel Association.

II. IMPLEMENTATION OF BUENOS AIRES PLAN OF ACTION (IDB.8/Dec.5, para. (f))

19. The United Nations Conference on Technical Cooperation among Developing Countries held at Buenos Aires in 1978 adopted the Buenos Aires Plan of Action for Promoting and Implementing Technical Cooperation among Developing Countries. The Conference considered TCDC as a vital force for initiating, designing, organizing and promoting collaboration among developing countries to create, acquire, adopt, transfer and pool knowledge and experience for their mutual benefit and for achieving national and collective self-reliance.

20. In accordance with recommendation 37 of the Buenos Aires Plan of Action, a high-level meeting of representatives of all States participating in the United Nations Development Programme should be convened by the Administrator of UNDP and entrusted by the General Assembly to carry out a periodical review of TCDC within the United Nations system. In response to that recommendation, the High-level Committee on the Review of Technical Cooperation among Developing Countries was subsequently set up, the seventh session of which, held in May 1991, undertook a comprehensive review of TCDC, based on the experience gained over the 13 years since the adoption of the Buenos Aires Plan of Action. UNIDO has, since its inception, participated in and contributed to the periodic reviews undertaken by the Committee.

21. The Buenos Aires Plan of Action called for the contributions of the United Nations development system to TCDC. Since the adoption of the Plan of Action, UNIDO policy-making organs have adopted resolutions and decisions regarding the contribution of UNIDO for promoting and implementing TCDC. Measures undertaken in response to those directives have resulted in: creation of a section in the Secretariat entrusted with the responsibility of promoting, implementing and coordinating such activities; inclusion in the programme and budgets of UNIDO of a subprogramme covering ECDC/TCDC outputs and activities; allocation of a part of the regular programme of technical cooperation for ECDC/TCDC programmes and projects; an increased contribution to ECDC activities from in-house units concerned, i.e. System of Consultations, Industrial Investment Promotion and Industrial Human Resource Development; greater involvement of the Investment Promotion Service offices and UNIDO Country Directors in identifying and promoting new opportunities for TCDC; and adoption, by the fourth session of the General Conference in its resolution GC.4/Res.11, of the framework for the UNIDO-wide ECDC/TCDC programme (GC.4/7). In addition to the activities referred to in paragraphs 13 to 15 above, further activities undertaken by UNIDO, including strengthening developing countries' capacities for TCDC, promotional and operational activities and human resource development, are described below.

Strengthening developing countries' capacities for TCDC

22. Activities aimed at strengthening developing countries' capacities for TCDC have included the establishment or strengthening of regional and interregional networks, joint programmes and regional centres for specific sectors covering industrial cooperation in energy (small hydropower, industrial energy management, solar energy research, new and renewable sources of energy), metallurgical industries (sponge iron production, computerized management maintenance systems, core metallurgical industries, training and information services), engineering industries (standardization, quality control and metrology, agricultural machinery, microelectronics), chemical industries as well as industrial and

technological information (Industrial and Technological Information Bank - INTIB, Technological Information Exchange System - TIES).

23. Cooperation with Brazil, Bulgaria, Czechoslovakia, Hungary, India, Poland, Romania, Turkey and Yugoslavia in carrying out UNIDO activities, in particular in the Africa region, has contributed towards strengthening developing countries' capacities for TCDC. Of particular importance are the programmes covering industrial training, agricultural machinery repair and maintenance, food-processing industry, metallurgy, shipbuilding, chemical and petrochemical industry and pharmaceuticals sectors. Memoranda of Understanding concluded with Member States and cooperation established with non-governmental organizations provide a useful framework for joint activities which, inter alia, contribute to the promotion of TCDC.

24. The programme for the Industrial Development Decade for Africa (IDDA) focused on support to regional and subregional organizations in their efforts to promote economic integration in Africa and economic cooperation among developing countries. In that respect, UNIDO support will be reflected in the industrial protocol of the Treaty Establishing the African Economic Community. Based on a project initiated with the financial support of the French Government and financed from IDDA resources, a decision was taken in December 1991 at Algiers concerning the setting up of the African Iron and Steel Association. The establishment of such an association will greatly contribute to promoting cooperation among African countries in the iron and steel sector.

25. Activities leading to the building up and/or strengthening of national core teams of potential trainers of technology transfer negotiations are a major component of the Technological Information and Exchange System (TIES). The African TIES project, which was approved under the IDDA programme in 1990, covered topics such as upgrading of institutional capabilities, regional cooperation and human resource development through the joint collaboration of UNIDO, the African Regional Centre for Technology (ARCT) and the more advanced technology transfer offices. Based on recommendations of the African TIES meeting held in December 1989 at Accra, Ghana, a large-scale project was launched on integrated assistance to African countries and on human resource development in the field of technology acquisition and negotiation, with the focus on agro-based and related industrial sectors. For a number of years, assistance continued towards capability building in transfer of technology offices in Ghana, Nigeria and Tunisia. With a view to enhancing the negotiating power of developing countries vis-à-vis technology suppliers from developed countries, an inventory of African experts in areas of industry, science and technology was drawn up in cooperation with ARCT and the Organization of African Unity.

26. With regard to appropriate technologies, a UNIDO Forum on Appropriate Industrial Technology for Africa, held at Dakar, Senegal, in 1989, gave participants from 38 countries the opportunity of sharing their experience and examining possibilities for future joint action in relation to the sectors of food processing, agricultural machinery and fisheries. In cooperation with the Federal Institute of Industrial Research, Lagos, and the African Regional Centre for Engineering Design and Manufacturing, a technology has been successfully developed for gari processing in small units and therefore suitable for rural areas. The technology is being promoted in a number of African countries (Cameroon, Ghana, Sierra Leone, Togo and Zaire) with funding from IDDA and UNDP. Assistance has been provided to the Economic Community of Central African States, the Preferential Trade Area for Eastern and Southern African States and the Central African Customs and Economic Union in order to strengthen their industrial cooperation programmes.

27. The UNIDO Regional Cooperation Programme for the Industrial Recovery of Latin America and Caribbean contains specific projects with significant TCDC potential that have been developed or are in the process of being promoted. These include a project on industrial subcontracting that involves the participation of 13 Latin American countries. The project aims at strengthening national subcontracting systems and the establishment of a regional network of subcontracting exchanges and relies on: a common methodology for subcontracting exchanges; a common industrial classification and terminology; use of software towards the processing of data; and a system of communications between national offices. Another project, in which 10 countries are participating, addresses the issue of industrial automation of the capital goods industry. In addition to assisting capital goods producers in their rehabilitation and modernization efforts through modern technologies and management techniques, it also provides training, institutional support and technological research and development. A meeting on Computerized Maintenance Management in the Iron and Steel Industry held in Mexico in 1991 in cooperation with the Instituto Latinoamericano del Fierro y el Acero offered industrialists the possibility to get acquainted with the latest achievements in CMMS and with UNIDO's capacities/capabilities for introducing and adapting CMMS to regional conditions.

28. In the Asia and Pacific region, UNIDO is implementing a number of projects that have implications for promoting TCDC such as: computerized management maintenance systems (CMMS) in metallurgical industries in member countries of ASEAN; harmonization of ASEAN industrial standards; regional networks on agricultural machinery and on pesticides; and a regional workshop on testing and evaluation of new materials, building materials, and automotive emissions control measures and standards. UNIDO has also assisted in the creation of a regional low-cost information network in the field of technology transfer for cooperation among member countries of ASEAN.

29. In the Arab region, cooperation has concentrated on joint programmes and projects with regional and subregional organizations, especially those which are part of the Organization of the Islamic Conference, such as the Islamic Foundation for Science and Technology and the Islamic Centre for Development of Trade. Various workshops have been organized in cooperation with the Arab Industrial Development and Mining Organization in specific sectors (food industry, industrial information and documentation, maintenance of textile machinery) through which national

institutions improved their capacities for identification, design and implementation of TCDC projects.

Promotional and operational activities

30. Since 1979, UNIDO has organized 17 solidarity ministerial meetings to facilitate cooperation in the industrial development of the following least developed countries: Afghanistan, Bangladesh, Botswana, Burkina Faso, Burundi, Cape Verde, Ethiopia, Guinea, Haiti, Lesotho, Mali, Mauritania, Nepal, Rwanda, Sudan, United Republic of Tanzania and Yemen. In recent years, the solidarity meetings concentrated on small and medium-sized projects in both public and private sectors, and on a limited number of sectors (mainly agro-based industries). With the participation of potential cooperating partners from the more advanced developing countries, this type of meeting has contributed to the identification of needs and offers for TCDC and resulted in the conclusion of preliminary agreements on the implementation of various industrial projects mainly through training, consultancy, technical expertise, study tours and transfer of technology. The main burden for the implementation of those projects - as with all TCDC projects - rests with the participating countries themselves. However, UNIDO has contributed in some cases to follow-up activities to the solidarity meetings.

31. Industrial cooperation among developing countries has been actively supported through the organization of a large number of workshops on the subject, meetings on enterprise-to-enterprise cooperation, promotion of joint ventures and seminars on cooperative arrangements. The workshops/meetings helped the participants to identify and agree on forms and types of cooperation such as exchange of experience, expertise and training opportunities and provision of equipment. By way of illustration, the following sectors were covered: machine tools (China, India, Morocco), agricultural machinery (Algeria, Argentina, China), utilization of medicinal plants (China, Turkey), chemical and petrochemical industry (Egypt, Turkey), agro-based industries (Brazil, China, Turkey, Yugoslavia), mechanical, electronics and informatics (Tunisia) and general industrial sectors (Cameroon, India, Republic of Korea).

32. The UNIDO Consultations frequently conclude with specific recommendations for cooperation among developing countries at regional and interregional levels. The Consultations on fertilizers, petrochemicals, leather and leather products, vegetable oils and fats and iron and steel have been a regular source of TCDC proposals. Based on recommendations emanating from a Consultation on the fertilizer industry, UNIDO prepared a three-year programme for that field to promote exchange and transfer of experience, cooperation in design and manufacture of equipment, machinery and spare parts, cooperation in construction of fertilizer plants, and joint ventures to exploit fertilizer raw materials. An inventory was prepared covering specific training needs and capabilities in the field of fertilizers in selected countries. A UNIDO technical consultation meeting for developing countries on biogas technology recommended that UNIDO use its TCDC programme to organize visits among biogas experts, assist in the exchange and dissemination of technical information and facilitate the provision and use of training facilities in developing countries for use by other developing countries.

Human resource development

33. In the field of industrial training, UNIDO has identified a large number of training centres in the developing countries and has continued to support and strengthen their training capacities and capabilities so as to enable them to provide training programmes not only for local personnel but also for nationals from other developing countries in the region and/or subregion. In 1991, 42 of the 65 UNIDO training programmes were held in developing countries. During the last four years, study tours and group training for developing countries have been arranged with the following host countries: Algeria, Bangladesh, Benin, Brazil, Bulgaria, China, Côte d'Ivoire, Czechoslovakia, Egypt, Ethiopia, Hungary, India, Indonesia, Jordan, Kenya, Mauritius, Mexico, Nigeria, Pakistan, Philippines, Poland, Republic of Korea, Romania, Singapore, Sri Lanka, Tunisia, Turkey, United Republic of Tanzania, Uruguay, Yugoslavia and members of the Andean Group. In 1990, for example, 10 regional and interregional in-plant group training programmes took place in China, Czechoslovakia, Egypt, Malawi, Turkey and Zimbabwe and covered topics such as: diesel engines, cement, sugar, iron and steel, fruit and vegetable processing industries, small-scale foundry industry, maintenance of railway track, industrial energy conservation and computerized management systems.

34. With a view to strengthening existing training institutions in Africa, a survey was undertaken of training capacities in countries of the Western, Central and Eastern and Southern African regions. As part of the programme for IDDA, advisory services were provided for designing and establishing an information system for training needs and opportunities in Madagascar. The Portuguese-speaking African countries took part in a project financed under the IPF of Portugal aimed at the training of local trainers in production and finance management and strengthening of existing training capacities and capabilities of Angola, Cape Verde, Guinea-Bissau, Mozambique and Sao Tome and Principe.

35. In 1991, through a fellowship programme implemented by UNIDO in cooperation with a Turkish oil company, experts from Algeria, Egypt and Jordan improved their knowledge in the petrochemical industry.

36. In the Asia and Pacific region, the Regional Network for Agricultural Machinery organized a number of training programmes for the purpose of promoting TCDC. In the framework of the Regional Network on Pesticides for Asia and the Pacific, TCDC activities cover such areas as market surveys and data collection, survey of raw materials available within the region, pesticides formulation technology for quality control and residue analysis. Six pulp and paper institutes also implemented training and R and D activities among developing countries in the region.

37. As a result of UNIDO's TCDC activities, many national institutions in developing countries were established or strengthened. Institutions in China, India, Kenya, Morocco, Philippines, Turkey, Zambia and Zimbabwe are among the major providers of training for other countries.

Findings on TCDC

38. While acknowledging the progress made over the past decade in TCDC, the Group of Governmental Experts on the rules, regulations and procedures of the organizations of the United Nations development system concerning technical cooperation among developing countries, 2/ during its 1990 meeting, identified six main areas where constraints to TCDC were faced by the United Nations, namely: awareness of the potential of TCDC; information on TCDC usefulness and applicability; attitudes towards TCDC; focal points' role and contribution; financing TCDC programmes and projects; and policies and procedures in approving and implementing TCDC activities. Subsequently, the Group recommended actions to be undertaken at the government level and by the United Nations system (see DP/1990/77, chapters II and III). UNIDO, like other United Nations organizations, has been faced with similar constraints in promoting and implementing TCDC activities.

III. ACTION REQUIRED OF THE BOARD

39. The Industrial Development Board may wish to take note of the present report.

Notes

1/ Report of the United Nations Conference on Technical Cooperation among Developing Countries, Buenos Aires, 30 August - 12 September 1978 (United Nations publication, Sales No. E.78.II.A.11 and corrigendum).

2/ The Group of Governmental Experts was established in compliance with decision 6/3 of the High-level Committee on the Review of Technical Cooperation among Developing Countries. The report of the Group of Governmental Experts (DP/1990/77) was endorsed by the Governing Council of UNDP (June 1990) and taken note of in its decision 7/1 by the High-level Committee at its seventh session (A/46/39) (May 1991).